THE CITY OF EL PASO
TEXAS

Development Services Department
Audit Report

Issued by the
Internal Audit Office
December 22, 2006

EXECUTIVE SUMMARY

The Internal Audit Office has concluded its audit of the Development Services Department. Based on the results of the audit, ten findings were identified to indicate internal control weaknesses within the Development Services Department. Eight of these findings are considered significant in nature, while two findings are considered less significant.

Listed below is a summary of the eight significant findings identified in this report:

1. The cash handling process contains several internal control weaknesses. There is currently no Policy and Procedure Manual in use. Cash is not adequately safeguarded. Reconciliations are not being performed or reviewed.
2. Nine checks with dates ranging from 9/1/98 to 5/18/06 and totaling $11,230.00 have not been deposited or returned to the issuer. This has resulted in a loss of revenue for the City in the amount of $10,825.00.
3. Tidemark software is not being used effectively or efficiently by the Planning Division to record and track all activities performed during the land development process. These would include activity dates, review comments, communications between the division and the developer, and Parkland Dedication requirements.
4. A review of five subdivision improvement plan review files approved during fiscal year 2006 was conducted. The results of our review indicate that the Planning Division was not in compliance with the requirements outlined in Chapter 19.08.080 of the Municipal Code in the following instances:
   - 2 out of 5 (40%) did not have the secondary review performed within five working days.
   - 1 out of 5 (20%) did not have the developer resubmit plans and pay the appropriate fees for revised plans that were not submitted within 15 working days of the completed initial review.
5. The Planning Division does not maintain accurate data on the total fees in lieu of Parkland Dedication. For fiscal year 2006 the general ledger recorded $1,258,421.00; however, Planning Division records list only $395,927.04. A review of 13 Parkland Dedication transactions was performed. The following discrepancies were noted:
   - 1 out of 13 (7.7%) had a miscalculated Parkland Dedication credit.
   - 1 out of 13 (7.7%) was not in compliance with Chapter 19.12.100 of the Municipal Code.
   - 1 out of 13 (7.7%) had a $9,900.00 fee in lieu of Parkland Dedication that was not collected.
   - 3 out of 13 (23.1%) had Parkland Dedication credits whose validity could not be verified.
   - 5 out of 13 (38.5%) had fees in lieu of Parkland Dedication which were not paid before the subdivision documents were recorded.
6. The Quality Assurance Program to review inspections performed by City inspectors and third party inspectors contains several internal control weaknesses. Policies and procedures for the Quality Assurance Program have not been developed. The Quality Assurance Reviews with results are not documented or tracked. There is an appearance of a conflict of interest in the current practice of the builders selecting the third party inspector.
7. The following internal control weaknesses were noted for the process of recording documents at the County Clerk's Office:
   - Developers provide blank checks to the Planning Division to pay for recording fees.
   - Documents and checks are not adequately safeguarded.
   - There are inconsistencies in the day(s) that recordings are performed and in maintaining copies of the recording receipts.
   - There is no centralized tracking system for recordings performed.

- Developers have been allowed to record their own documents with the County Clerk, in violation of Chapter 19.08.100 of the Municipal Code.

8. There is a system in place to track customer service complaints at the Development Services Department; however, several internal control weaknesses were noted. Customer Service Surveys are not being distributed to all customers. Complaints made by phone or in person are not documented or tracked. There is no drop box for the Customer Service Surveys.

Listed below are the two findings listed as "Other Findings."

9. The fleet management process contains several internal control weaknesses. There is no tracking mechanism to monitor the fleet's mileage and preventive maintenance. There is no reporting mechanism to provide management with current data on the state of the fleet.
10. A sample of sick leave taken by 14 Planning Division employees for the period 9/1/05 to 8/31/06 was reviewed. The results of our review indicate the following:
    - 10 out of 14 instances (71.4%) did not have the leave request submitted through KRONOS.
    - 2 out of 14 instances (14.3%) did not have evidence that a leave request was submitted.
    - 6 out of 14 instances (42.9%) were either not approved by management or approval could not be verified.
    - 3 out of 14 instances (21.4%) lacked supporting documentation.

For a detailed explanation of each of the findings please refer to the appropriate finding contained in the body of this Audit Report.

BACKGROUND

In 2005 the Development Services Department was reorganized to become a "One Stop Shop" for the City of El Paso in order to streamline the development process. For the convenience of the customer, the Development Services Department brings together the functions previously performed by five different City departments. The Department is comprised of three divisions: Building Permits & Inspection, Customer Service & Business Center, and Planning; whose focus is to ensure orderly and safe development within the city and provide for future growth. This is done by the management of zoning, building permits and inspections, as well as overseeing current and long range planning, new development, and building and housing safety. The Department's mission is:

> *"To assist in your land and building development needs from conception to completion."*

The Building Permits & Inspection Division is responsible for processing building permits and approvals. Division staff is responsible for enforcing building, plumbing, mechanical, fire, and electrical codes by conducting field inspections and resolving violations. Additionally, the Division has a plan review function. Residential plans and plans for commercial projects are reviewed in-house prior to permitting.

The Customer Service & Business Center is comprised of distinct sections: Permit Issuance and Maintenance, Business License and Ombudsman. The Permit Issuance and Maintenance section maintains all records as it pertains to the permit, the contractor and parcel maintenance. It handles all inspection requests, updates contractor information, and provides cashiering services for all Development Services Department transactions. In addition, it also handles all Open Records Requests for the Development Services Department and generates all budget information and associated reports. The Business License section issues and maintains all City licenses. The Ombudsman section is assigned to large complex projects requiring intensive coordination between the City of El Paso and the project stakeholders.

The Planning Division is dedicated to promoting orderly development that protects and improves the quality of life and physical environment of the City of El Paso. The Division is comprised of three sections: Current Planning, Subdivision Plan Review, and Long Range Planning. Among the responsibilities of the Current Planning section is to review and process subdivision plats for conformance to the City's ordinances and regulations for orderly growth and development. In addition, the section determines if there is any Parkland Dedication requirement for the subdivisions being reviewed. Once a subdivision is ready to be developed the Subdivision Plan Review section reviews and processes the improvement plans for conformance to the City's ordinances and regulations. The Long Range Planning section focuses on long-term planning issues, such as thoroughfare planning, and on neighborhood issues.

SCOPE

The objectives of this audit were to determine the adequacy of the policies and procedures and whether they are being adhered to. In order to accomplish this, our audit addressed the following issues:

- Determined if transactions for fees in lieu of Parkland Dedication were handled properly and if amounts collected were deposited to the correct account.
- Determined if transactions for Parkland Dedication were handled properly and if the correct amount of acreage was dedicated.
- Obtained an understanding of the Tidemark software. Conducted testing to determine if Tidemark was used properly to track the timetables for the approval of land development. Determined if the timetables for approving land development were met.
- Conducted testing to determine if there is chronic absenteeism by employees of the Planning Division.
- Determined if proper internal controls exist in the cash handling process of the Customer Service & Business Center Division.
- Reviewed the customer complaint process to determine if preferential treatment is given to certain builders and/or contractors.
- Reviewed and identified risks with the process of recording documents at the County Clerk's Office.
- Reviewed the fleet management process to determine its effectiveness.
- Determined if third party inspection companies were pre-qualified, if quality assurance reviews were conducted, and if the quality assurance reviews were documented.

The audit period covered the operations of the Development Services Department for fiscal year 2006.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

SIGNIFICANT FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSES

The definition of a significant finding is one that has a material effect on the City of El Paso's financial statements, identifies an internal control breakdown, a violation of a City procedure, law and/or regulation, which the City is required to follow. Any finding not meeting these criteria will be classified as an "Other Finding".

Finding 1

Cash Handling Policies and Procedures

Based on our audit work performed of the Customer Service and Business Center cash handling process we were able to identify the following internal control weaknesses:

- Formal policies and procedures have not been developed and distributed to provide employees guidance for cash handling.
- Cash is not adequately safeguarded which results in an increased risk of loss or theft:
  - The safe is not kept locked during the day because the combination is set at a predetermined number.
  - Some cashiers do not use their money box and instead keep cash and checks in their desk drawer.
  - Employees have unsupervised access to the cash when working on weekends.
  - Cash counts of money boxes are not performed and documented on a consistent basis.
  - A door providing access to the cashiering area is not kept locked.
  - There are no surveillance cameras in the cashiering area or in the safe room.
- Reconciliations of revenue transactions are not being performed or reviewed. These would include reconciliations of revenues collected for licenses and permits issued.

Recommendation

Management should implement and improve internal controls over the cash handling at the Customer Service and Business Center to include the following:

- Formal cash handling policies and procedures should be developed and distributed to all employees.
- Cash should be adequately safeguarded to reduce the risk of loss or theft:
  - The safe should remain locked at all times and the entire combination must be used each time the safe is opened.
  - Money boxes should be used to process all financial transactions.
  - Employees should not have unsupervised access to the cash on weekends.
  - Cash counts of money boxes should be performed and documented on a consistent basis.
  - All doors providing access to the cashiering area should remain locked.
  - Surveillance cameras should be installed in the cashiering area and the safe room.
- Reconciliations of revenue transactions should be performed and reviewed on a consistent basis.

Management's Response

A Policy and Procedure Manual for the Business Center is forth coming to address these issues.

a. The door to the vault is kept locked at all times, in the future the safe will be kept locked and will require the full combination in order to be opened.
b. All cashiers will be required to work from the cash box.
c. There is no weekend when employees work unsupervised, because the senior supervisor was exempt and did not punch in KRONOS would not indicate that they were here. It will continue to be our policy that if OT is required, two levels of supervision will be required.
d. A regularly cash box audit will be performed quarterly on all cash boxes.
e. The door on the north side of the business center will be kept locked at all times.
f. As soon as funds are available cameras will be installed.

Responsible Party

Larry Nichols – Deputy Director and Harry Steele, Customer Service Manager

Implementation Date

Items a-e have been completed. Item f will be completed next budget cycle.

Finding 2

Cash Box

We performed an inspection of the cash box used by the Planning Division to store checks for recording fees. Nine checks were found with dates ranging from 9/1/98 to 5/18/06 and totaling $11,230.00.

Checks number one through four, made payable to the City of El Paso, were not deposited and resulted in a loss of revenue for the City. Checks number five through nine, made payable to the County of El Paso, were not submitted to the County or returned to the issuer.

No.	Date	Amount	Comment
1	10/26/05	$ 8,100.00	Proceeds from the sale of land
2	02/03/06	$ 2,400.00	Cashier's check for Parkland Dedication Fees
3	06/24/03	$ 300.00	Cashier's check for Parkland Dedication Fees
4	04/24/01	$ 25.00	Money order
Subtotal		$ 10,825.00	

5	04/06/06	$ 107.00	Recording fees
6	05/18/06	$ 91.00	Recording fees
7	01/23/06	$ 91.00	Recording fees
8	02/24/01	$ 80.00	Recording fees
9	09/01/98	$ 36.00	Recording fees
Subtotal		$ 405.00	

Recommendation

Management should immediately deposit the checks made payable to the City and collect on those which have expired. All checks received should be deposited within one business day after its receipt, as per the City Charter Section 7.7.

Management should determine if checks made payable to the County should be paid to the County Clerk's Office or be returned to the issuer. Support documentation for the disposition of the checks should be kept on file. Checks for recording fees should be accepted only if all the recording documents have been submitted and are ready to be recorded.

Management's Response

All checks will be deposited into the appropriate accounts if it is unclear, funds will be deposited into the point of sale account and transferred when it is clear which is the correct account.

Responsible Party

Larry Nichols, Deputy Director and Harry Steele, Customer Service Manager

Implementation Date

Completed

Finding 3

Tidemark

There is a lack of a formal training program for Tidemark software within the Planning Division. The result is that Tidemark is not being used effectively or efficiently to record and track all activities performed during the land development process (Subdivision Approval and Subdivision Improvement Plan Review) including the following:

- Tracking of activity dates for the initial submission, review comments, re-submittals, re-reviews and approvals.
- Documenting review comments submitted by the various groups performing reviews.
- Documenting letters, reports, discussions, or meetings for a particular subdivision.
- Tracking of Parkland Dedication requirements and transactions.

Recommendation

Tidemark is the official Data Management System for the Development Services Department. The Development Services Department management should implement the following:

- Document the activities performed by the Planning Division.
- Develop procedures in order to implement the exclusive use of Tidemark to record and track all of the activities performed by the Division.
- Develop a formal training program for personnel.

Management's Response

Use of Tidemark, The Planning Division was not brought along at the same funding level or commitment level as BP and so it started out behind. It is now a priority to bring Planning up to full use of Tidemark. It is a mandatory training requirement with a goal for all users in the Planning Division to be using Tidemark in February. We are in the process of adding zoning verification letter cases and Zoning Board of Adjustment cases to the Tidemark System. We are requiring that the Parkland Dedication information be put into the subdivision cases on Tidemark. (Parks has done a review on Parkland Dedication Fees and is also keeping better records now.)

Responsible Party

Larry Nichols, Deputy Director and Harry Steele, Customer Service Manager

Implementation Date

Completed

Finding 4

Subdivision Improvement Plan Review Timetable

A review of the departmental subdivision spreadsheet and five Subdivision Improvement Plan Review files approved during fiscal year 2006 was conducted to determine if the review and submittal timetables were met. The results of our review indicate that the Planning Division was not in compliance with the requirements outlined in Title 19 (Subdivisions), Chapter 19.08.080 (Subdivision Improvement Plan Submission), of the Municipal Code:

Subdivision Name	Initital Review Was Completed Within 15 Working Days	Developer Submitted Revised Plans Within 15 Working Days	Secondary Review Was Completed Within 5 Working Days	Comments
Lomas Del Sol Unit 3	Yes	Yes	Yes	Note 1 & Note 2
Sandstone Ranch Estate #1	No	Yes	No*	Note 1, Note 3, & Note 4
Tierra Del Este Unit 44	No	No**	Yes	Note 1 & Note 4
Los Nogales Estates	No	Yes	No*	Note 1
El Paseo Marketplace	Yes	Yes	Yes	Note 1 & Note 5
% of "No"	60%	20%	40%	

Legend
Note 1 - Review activity dates were not listed on the spreadsheet and/or were inaccurate.
Note 2 - Review comment letters were not included in the file.
Note 3 - Review comment letters contained the wrong dates.
Note 4 - Transmittal sheets were not included in the file.
Note 5 - The subdivision name was listed inaccurately on the spreadsheet as Target Superstore.

*In accordance with Chapter 19.08.080, the plans should have been deemed approved as submitted because the secondary review was not completed within five working days.

**In accordance with Chapter 19.08.080, the developer should have resubmitted the plans and paid the appropriate fees because the revised plans were not submitted within 15 working days of the completed initial review.

Based on the review, we determined that the data maintained by the Planning Division is not reliable for the following reasons:

- Dates for activities performed during the review process (submittals, reviews, approvals) were either inaccurate or were not included in the spreadsheet.
- Subdivision files do not contain documentation of all communications (review comment letters, transmittal sheets) between the staff and the developer.

Recommendation

- Tidemark is the official Data Management System of the Development Services Department and should be used to maintain subdivision plan review data. Dates for all activities performed during the review process should be updated in Tidemark in order to track the review timetables and increase the reliability of reports generated.
- Management should implement a review process to ensure compliance with Chapter 19.08.080 (Subdivision Improvement Plan Submission) of the Municipal Code.
- Subdivision files should contain documentation of all communications (review comment letter, transmittal sheets) between the staff and the developer which are necessary to track the review timetables.

Management's Response

We are proposing a review of subdivision improvement plans in the subdivision rewrite to eliminate the requirement for the developer to submit within 15 working days of the initial review. It is not reasonable to set that as the standard.

Management's Response (cont.)

We are working overtime in the Land Development section in order to perform the secondary review in a timely fashion pursuant to code. We are currently in the process of hiring another Engineering Technician.

Responsible Party

Larry Nichols, Deputy Director and Harry Steele, Customer Service Manager

Implementation Date

April 15, 2007

Finding 5

Parkland Dedication

A sample of 13 Parkland Dedication transactions processed during fiscal year 2006 was reviewed. The results of our review were the following:

# of Instances	% of Sample	Parkland Dedication Discrepancies Found:
1	7.7%	Parkland Dedication credit was miscalculated as 0.215 acres rather than 0.145 acres.
1	7.7%	Collected fees in lieu of Parkland Dedication instead of the 2.81 acres required by the Municipal Code. This resulted in non-compliance with Chapter 19.12.100.A.1.a-c (Fee in Lieu of Parkland Dedication) of the Municipal Code, which states "In no instance shall the City accept a cash payment when one acre or more of parkland shall be dedicated to the City…"
1	7.7%	Fee in lieu of Parkland Dedication of $9,900.00 was not paid.
3	23.1%	The validity of Parkland Dedication credits could not be verified because there is no centralized tracking system in place to monitor these types of transactions and their balances.
5	38.5%	Fees in lieu of Parkland Dedication were not paid before the subdivision documents were recorded at the County Clerk's Office.

During our review it was noted that the Subdivision Log spreadsheet maintained by the Planning Division contains unreliable data. The total of fees in lieu of Parkland Dedication listed in the Subdivision Log does not match the total recorded in the General Ledger:

General Ledger (PeopleSoft)	Subdivision Log (Spreadsheet)	Variance
$ 1,258,421.64	$ 395,927.04	$ 862,494.60

Recommendation

- Tidemark is the official Data Management System of the Development Services Department. Tidemark should be used to maintain data on Parkland Dedication requirements and transactions. If excluded from the dedication requirement, the reason for the exclusion should be entered.
- Management should:
  - Implement a review process to ensure compliance with Chapter 19.12 (Parkland Dedication), to verify that Parkland Dedication transactions were allowable, accurate, valid, and that any acreage or fees due were received by the City.
  - Develop and implement a centralized tracking system to monitor Parkland Dedication credit transactions and balances.

Management's Response

Accurate date on Parkland Fees and dedication data requires close cooperation with the Park Department. Parks completed in February 2007 its own review of these fees. Planning has a requirement that the accurate dedication and fee information be set forth in the comments on each plat where park fees are required. The major issue associated with Park Dedication and fees is that the standards for parks development are not clearly stated in the code and there is considerable negotiation and argument on most plats.

Management's Response (cont.)

The new subdivision regulations will have clear standards and processes, which I sincerely hope, will do away with the arguments and results in clear requirements and clear recording of those requirements in each subdivision file. We expect a draft of the process document to be adopted by the end of May with the standard document following in the summer of 2007

Responsible Party

Larry Nichols, Deputy Director and Harry Steele, Customer Service Manager

Implementation Date

August 31, 2007

Finding 6

Third Party Inspections

There is a Quality Assurance Program in place to review inspections performed by both City inspectors and third party inspectors (TPI Program). However, the following internal control weaknesses were noted:

- Policies and procedures for the Quality Assurance Program have not been developed.
- The Quality Assurance Reviews performed and the review results are not documented or tracked.
- Based on the program's current processes, it is difficult to measure its effectiveness both in terms of quality and cost.
- There is an appearance of a conflict of interest in the current practice of the builders selecting the third party inspector.

Recommendation

Management should:

- Develop policies and procedures for the Quality Assurance Program.
- Develop and implement a centralized tracking system to monitor the Quality Assurance Reviews performed and the review results.
- Conduct an analysis of the existing TPI program to determine its effectiveness using measurable performance data.
- Develop and implement a process where the City selects the third party inspector for the builders to ensure the integrity of the program.

Management's Response

The Quality Assurance Program to review City and Third Party inspectors contains several internal controls weaknesses. Policies and procedures for the QA program have not been developed. QA reviews with results are not documented or tracked. There is an appearance of a conflict of interest in the current practice of the builders selecting the third party inspector.

Beginning with the third party finding, the Third Party Inspector component to the City plan review and inspection service is authorized by City Ordinance. Although the Building Official does review credentials, insurance and bonding for the third party entities, it does not assign the inspections. We currently examine the administrative requirements and perform individual "spot checks" in the field. This past year we have undertaken policy and procedure of monitoring the Third Party and City Inspector with a Quality Assurance Section Chief. The Division will formalize these administrative policies and implement them within the next 3 months thus addressing the recommended finding. The tracking system, Tidemark, is in place at this time, therefore it is a matter of data entry and archiving. The City will not be empowered to make third party inspection inspections assignments, we will however develop protocol for monitoring their inspection.

Responsible Party

Larry Nichols, Deputy Director and Harry Steele, Customer Service Manager

Implementation Date

June 15, 2007

Finding 7

Recording Process

A review of the process of recording documents by the Planning Division at the County Clerk's Office was conducted. The following internal control weaknesses were noted:

- Developers provide blank checks to the Planning Division to pay for recording fees.
- Documents and checks held for recording are not adequately safeguarded.
- There is no consistency in the day(s) when recordings are performed or in maintaining copies of the County Clerk's receipts for recording fees.
- There is no centralized tracking system for recordings performed.
- Developers have been allowed to record their own documents. This is not in compliance with Chapter 19.08.100 (Recording Plat Submission) of the Municipal Code.

Recommendation

Management should:

- Only accept checks for the appropriate recording fee.
- Safeguard documents and checks while on route to the County Clerk's Office.
- Develop and implement a schedule for recording documents.
- Maintain copies of the County Clerk's receipts for recording fees on file.
- Develop and implement a centralized tracking system for recordings performed.
- Record subdivision documents at the County Clerk's Office, in accordance with Chapter 19.08.100 of the Municipal Code.

Management's Response

Subdivision recording funds will be processed through the business center. The process will be worked out with the county. While in transition all checks will be filled out including the amount to the county and will be taken to the County Clerk no later than the next business day. No blank checks will be accepted.

Responsible Party

Larry Nichols, Deputy Director and Harry Steele, Customer Service Manager

Implementation Date

Completed

Finding 8

Customer Service

There is a system in place to track customer service complaints at the Development Services Department (DSD). However, several internal control weaknesses were noted:

- Customer Service Surveys are not being:
    - Distributed to all customers.
    - Submitted for management review on a daily basis by DSD personnel.
- Complaints made by phone or in person are not documented or tracked.
- There is no drop box for the Customer Service Surveys; making it necessary for customers to turn in surveys to DSD personnel.

Recommendation

- Customer Service Surveys should be distributed and be readily available to every customer.
- Management should conduct an analysis to determine how the complaints made by phone or in person can be documented and tracked.
- Management should install several secured drop boxes for Customer Service Surveys throughout the DSD.

Management's Response

Access to department surveys for all customers to evaluate DSD's customer service level and a drop box will be installed, in a central location. Customer complaints are handled by the Ombudsman and logged.

Responsible Party

Larry Nichols, Deputy Director and Harry Steele, Customer Service Manager

Implementation Date

Complete

OTHER FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSES

Finding 9

Fleet Management

A review of the fleet management process for the Building Permits & Inspection Division was conducted. The following internal control weaknesses were noted:

- There is no tracking mechanism in place to monitor the fleet for the following:
  - Mileage
  - Fuel
  - Preventive maintenance (Fleet Services records show that 26 out of 44 fleet vehicles (59.1%) are due or are late for their preventive maintenance.)
  - Repairs
  - Change in vehicle assignments (i.e. loaners)
  - Safeguarding or parking vehicle in the designated location
  - Used only by authorized employees
  - Used only to conduct job related duties
- There is no reporting mechanism in place to provide management with current data on the state of the fleet.

Recommendation

Management should develop and implement the following:

- A centralized tracking system to monitor the fleet.
- A reporting mechanism to provide management with current data on the state of the fleet.

Management's Response

There is no tracking mechanism to monitor the fleet or reporting mechanism to determine the state of the fleet.

Although many of the "weaknesses" outlined in the fleet management findings are actual being performed or monitored, BP&I has not been diligent in recording them separately from the generalized service center. Preventive maintenance is in need of improvement; added control of use and duty assignment, recordation of mileage and fuel consummation will be the primary areas for program improvements. A program of accountability will be developed between the fleet management and the BP&I management oversight. The division will develop a centralized tracking system for preventative maintenance and a reporting mechanism for current condition of the fleet.

As the Division is replacing a significant number of vehicles this year the above mentioned program improvement procedure will be important.

Responsible Party
Larry Nichols, Deputy Director and Harry Steele, Customer Service Manager

Implementation Date
June 15, 2007

Finding 10

Employee Leave

A sample of sick leave taken by 14 Planning Division employees for the period 9/1/05 to 8/31/06 was reviewed for evidence of a submitted leave request, management approval, and support documentation on file. The results of our review indicate the following:

# of Instances	% of Sample	Leave Request Discrepancies Found:
10	71.4%	Not submitted through KRONOS.
9	64.3%	Submitted through a Leave Request Form.
1	7.1%	Submitted through both KRONOS and Leave Request Form.
2	14.3%	No evidence that a leave request was submitted.
6	42.9%	Were either not approved by management or approval could not be verified.
3	21.4%	Lacked the required support documentation.

In addition, the following internal control weaknesses were noted during our review:

- KRONOS was not used to process leave requests until June 2006.
- There is a duplication of effort and inefficiencies in the leave process since leave requests are being submitted by employees and approved by management through multiple systems (KRONOS, Leave Request Forms, phone, email).
- Evidence of supervisor approvals for leave or timecard corrections entered by the payroll clerk is not kept on file.
- Copies of required support documentation for leave taken are not being sent to the Human Resource Department as required by Civil Service Commission Rule 13, Section 2.b. and 2.c.
- Employee leave files are kept in various locations, which are accessible to all DSD personnel. These files contain confidential information (FMLA or medical), which should be forwarded to Human Resources.
- The previous payroll clerk regularly entered her own leave and edited the time swiped in and out on her own timecard.

Recommendation

- Leave requests should be submitted and approved exclusively through KRONOS.
- Evidence of supervisor approval must be kept on file for all leave or timecard corrections entered by the Payroll Clerk in KRONOS.
- All employee leave files and support documentation should be forwarded to Human Resources.
- Employees should not enter their own leave or edit their own timecards.

Management's Response

Tighter controls will be implemented by adding four time keepers in the various areas and supervisor will be required to submit an attendance report on a daily bases to their time keepers.

Responsible Party

Larry Nichols, Deputy Director and Harry Steele, Customer Service Manager

Implementation Date

April 15, 2007

INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods are subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may deteriorate.

CONCLUSION

Based on the results of this internal audit, the following are our conclusions regarding the Development Services Department:

- Parkland Dedication transactions were not handled properly. Fees were either not paid, or not paid in a timely manner. Credits were miscalculated or the validity of the credits could not be verified.
- The Planning Division has not implemented the use of Tidemark software and there is a lack of a formal training program for personnel.
- Employee leave requests are not being submitted through KRONOS, there is a lack of support documentation, and employee leave files are not adequately safeguarded.
- The cash handling process lacks a Policy and Procedure Manual, reconciliations are not performed, and deposits are not made on a timely basis.
- The Customer Service Surveys are not distributed to all customers and there is a lack of secured drop boxes for the surveys.
- The process of recording documents at the County Clerk's Office involves several risks. Blank checks are provided by developers, documents and checks are not adequately safeguarded, and the developers are allowed to record their own documents.
- The fleet management process is not effective due to the lack of a tracking mechanism to monitor the fleet.
- The Quality Assurance Program for inspections lacks formal policies and procedures, and a centralized tracking system to monitor reviews and results. In addition, there is an appearance of a conflict of interest in the current practice of the builder selecting the third party inspector.

As a result of a recent reorganization, the Development Services Department has become a "One Stop Shop" providing customers the convenience of a streamlined development process. By implementing the recommendations contained in this report the Development Services Department can improve its processes and consequently improve the level of service provided to its customers.

We wish to thank the Development Services Department management and staff for their assistance and numerous courtesies extended during this audit.

Signature on file	*Signature on file*
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